

Busy macro week ahead

The action on currency markets last week saw sterling remain sensitive to Brexit newsflow. There was a flurry of developments (incl. postponed vote on WA and the no-confidence motion in Theresa May) for sterling watchers to digest. Meanwhile, the euro was not helped by the ECB downgrading its economic outlook and weaker than expected PMI data. Over the course of the week then, both the euro and sterling found themselves trading lower versus the dollar. This is reflected in EUR/USD opening down near the \$1.13 level and GBP/USD below \$1.26 this morning. Meanwhile, EUR/GBP continues to change hands in a narrow range near 90p.

Looking ahead, this week sees a busy schedule of central bank meetings as well as some useful data releases. From a sterling viewpoint, no changes are expected from the BoE as it awaits clarity on Brexit. Therefore, the meeting may not generate much reaction from the currency. Data-wise, the main highlights are CPI and retail sales data (both Nov). At the same time, Brexit developments remain a potential source of volatility for sterling.

For the dollar, the Fed meeting provides some key event risk for the currency. The expectation is that the Fed will hike by 25bps. Therefore, the main point of interest and potential directional impact on the dollar may be in relation to the updated rate projections. At the moment, the Fed is guiding three hikes in 2019, whereas the market is pricing in just one. If the Fed maintains its guidance the dollar could make some gains. In terms of data, the main release is core PCE, the Fed's preferred measure of inflation.

On the euro side, the macro agenda this week contains a host of national survey data for December (incl. German Ifo). Overall though, unless that data significantly surprise, euro impact may be limited.

John Fahey, Senior Economist, AIB

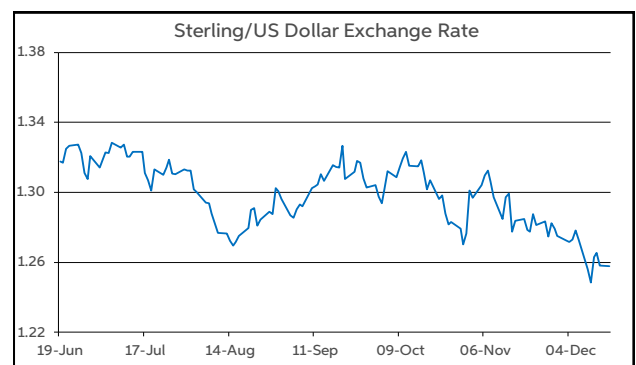
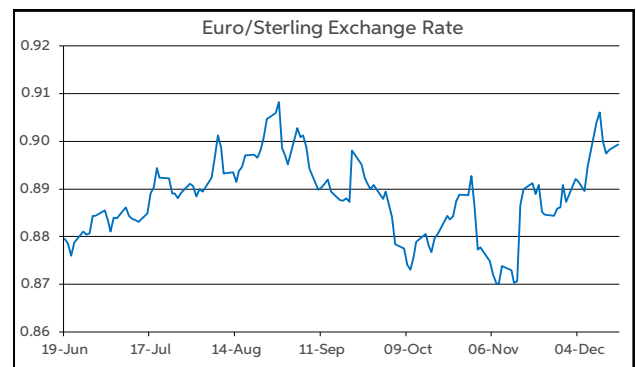
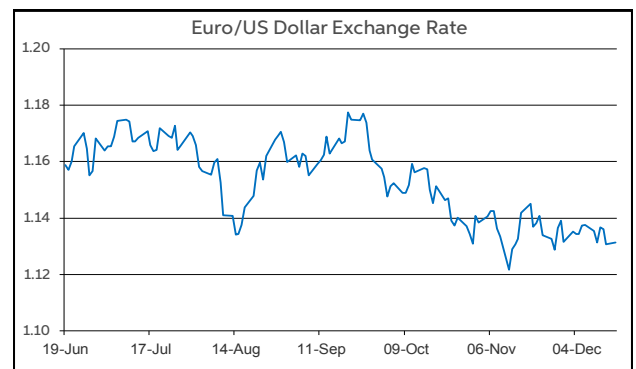
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.46	2.80	3.10	2.88	2.81
EUR	0.00	-0.37	-0.31	-0.13	-0.14	0.27
GBP	0.75	0.73	0.90	1.16	1.16	1.31

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24100.51	-2.02	-2.50	
S&P 500	2599.95	-1.91	-2.76	
FTSE 100	6845.17	-0.47	-10.96	
DJ Stoxx 50	3092.6	-0.63	-11.74	
ISEQ	5519.26	-0.31	-21.58	
Nikkei	21506.88	+0.62	-5.53	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1313	-0.41	-5.69
EUR/GBP	0.8991	-0.01	1.22
GBP/USD	1.258	-0.40	-6.90
GBP/EUR	1.1115	0.01	-1.20
USD/JPY	113.42	-0.04	0.67
EUR/JPY	128.32	-0.44	-5.07

* v Previous Day's European Open

See Next Page for More Rates >>>



All rates quoted are indicative market rates

See Next Page For More Rates & Charts

CONTACTS		
AIB Customer Treasury Services business.treasury@aib.ie aib.corporate@treasury@aib.ie fxcentre.aib.ie	Customer Treasury Services GB treasury.gb@aib.ie aibgb.co.uk/fxcentre	Customer Treasury Services NI FTBtreasury@aib.ie firsttrustbank.co.uk/fxcentre

Opening Levels

Monday 17 December 2018
07:43 am



Euro

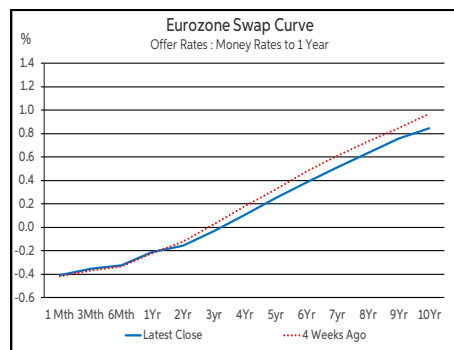
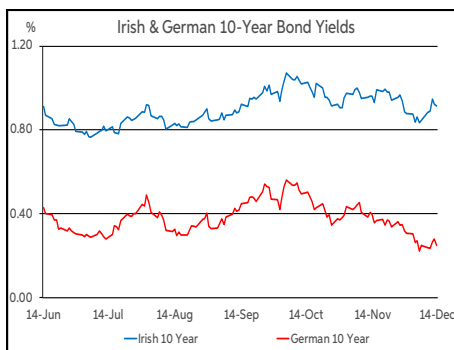
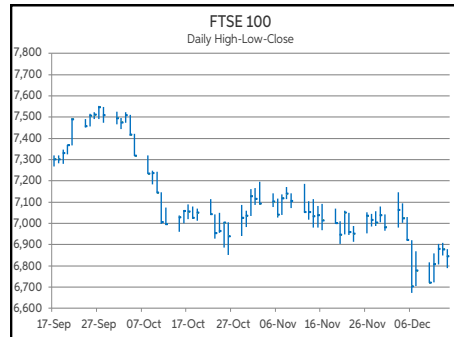
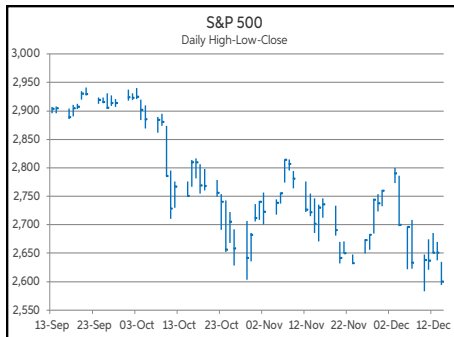
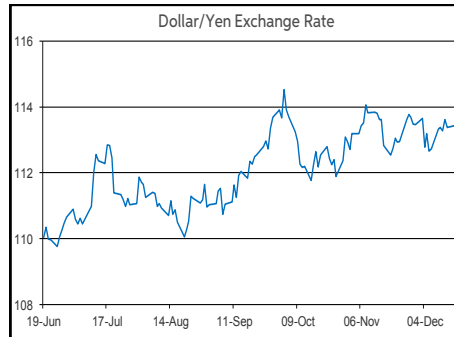
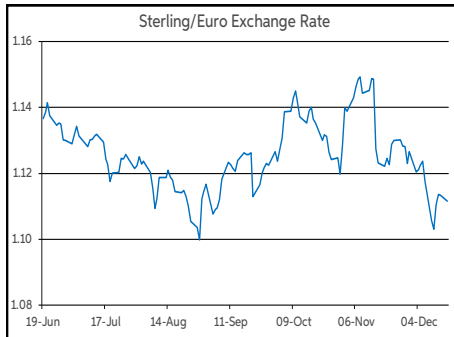
EUR/GBP	0.8992
EUR/USD	1.1314
EUR/JPY	128.32
EUR/SEK	10.2466
EUR/DKK	7.4655
EUR/NOK	9.741
EUR/CHF	1.1285
EUR/AUD	1.5759
EUR/HKD	8.8397
EUR/CAD	1.5137

Sterling

GBP/EUR	1.1118
GBP/USD	1.2581
GBP/CAD	1.6832
GBP/NZD	1.8484
GBP/JPY	142.68
GBP/SEK	11.3928
GBP/DKK	8.2993
GBP/NOK	10.8304
GBP/CHF	1.2547
GBP/AUD	1.7527

Dollar

USD/JPY	113.41
USD/CAD	1.3378
USD/CHF	0.9973
USD/CNY	6.8981
USD/BRL	3.917
USD/RUB	66.625
USD/INR	71.66
AUD/USD	0.7177
NZD/USD	0.6805



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.89	-2	-17	+49
Germany	0.25	-3	-12	-17
UK	1.24	-5	-18	+6
Ireland	0.91	-1	-8	N/A
Belgium	0.73	-3	-8	+11
France	0.71	-0	-5	-7
Italy	2.91	-4	-57	+92
Spain	1.40	-1	-21	-14
Portugal	1.65	-2	-31	-25
Greece	4.21	+1	-30	+17
5 Year Swap %				
US	2.80	-6	-22	+56
Eurozone	0.25	-3	-8	-7
UK	1.30	-5	-7	+27
2 Year Swap %				
US	2.85	-4	-13	+77
Eurozone	-0.16	-3	-3	-1
UK	1.16	-3	+0	+35
10 Year Government Bond Spreads to Benchmark bps				
Ireland	67	+2	+4	N/A
Belgium	48	+0	+5	+29
France	46	+3	+7	+10
Italy	266	-1	-45	+109
Spain	116	+2	-9	+3
Portugal	140	+2	-19	-7
Greece	396	+4	-18	+34

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	60.15	-0.08	-9.03	-10.05
West Texas Oil	51.04	-1.18	-9.12	-15.58
CRB - All Commodity	181.20	-0.33	-3.65	-6.53
CRB - Food	328.57	+0.89	-0.54	-2.22
Gold \$	1246.2	+0.25	+2.91	-4.33

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.